

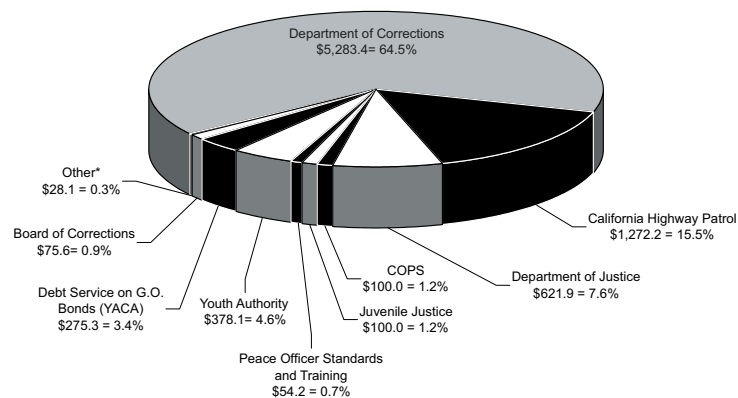
# CORRECTIONS AND LAW ENFORCEMENT

The Governor's Budget includes funding to support the various programs within the Youth and Adult Correctional Agency, Department of Justice, Commission on Peace Officer Standards and Training, Office of the Inspector General, and the California Highway Patrol. Funding for these programs will be approximately \$8.2 billion in total funds, and reflects a 7.3 percent decrease over the revised 2003-04 Budget. The level of funding proposed for each of these agencies is shown in Figure CLE-1. Highlights of the more notable funding changes included in the Budget for these programs are further described below.

## Youth and Adult Correctional Agency

The Youth and Adult Correctional Agency is composed of the following entities: the Secretary for the Youth and Adult Correctional Agency, the Department of Corrections, the Department of the Youth Authority, the Board of Prison Terms, the Board of Corrections, and the Commission on Correctional Peace Officers' Standards and Training.

**FIGURE CLE-1**  
**Proposed Public Safety Expenditures for 2004-05**  
**All Funds**  
(Dollars in Millions)

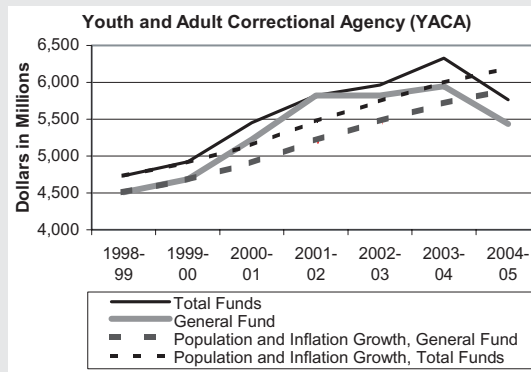


\* Includes the Youth and Adult Correctional Agency, Board of Prison Terms, and the Commission on Correctional Peace Officer Standards and Training.



## Key Audit Findings—Youth and Adult Correctional Agency

- The 2003 Budget Act appropriated \$5.6 billion from the General Fund to support the activities of these departments. This is an increase of \$1.1 billion, or 24 percent, from the levels provided in 1998-99.
- Increased operational costs of the California Department of Corrections and the Department of the Youth Authority such as escalating employee compensation and retirement costs, along with costs for workers' compensation benefits, utilities, and significant overtime usage have resulted in significant cost increases.
- Additional funding has been necessary to address court-ordered program expansions in the prison healthcare system, juvenile conditions of confinement including expanded treatment services, Americans with Disabilities Act-related lawsuits, and employee compensation and retirement costs.



## Secretary for the Youth and Adult Correctional Agency

The Secretary for the Youth and Adult Correctional Agency is responsible for providing day-to-day policy direction and broad administrative guidance to the departments and boards relating to youth and adult detention services. The Secretary also provides oversight for the Narcotic Addict Evaluation Authority. Total funding for these programs will be approximately \$5.8 billion in 2004-05. This amount reflects a 9 percent decrease over the revised 2003-04 Budget.

### Improving Accountability and Service Delivery

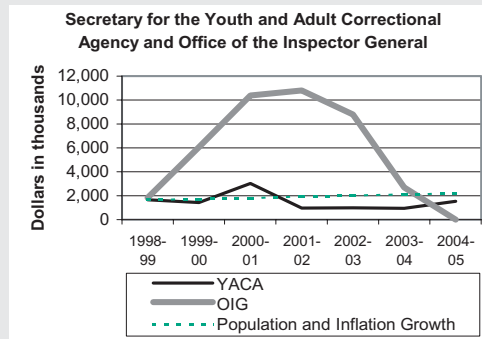
The Office of the Inspector General (OIG) has historically had the responsibility for oversight of the State's correctional system through audit and investigations of

the departments and boards within the Youth and Adult Correctional Agency. The Governor's Budget proposes the elimination of the OIG (\$2.8 million General Fund and 24 personnel years) and transfer of OIG's duties relating to the internal affairs practices of correctional agencies to the Secretary for the Youth and Adult Correctional Agency.

The Governor's Budget also provides \$630,000 and six personnel years for the Youth and Adult Correctional Agency to carryout the oversight functions previously required of the OIG. The Agency is committed, through the audits, investigations, and management reviews it will conduct, to examine all aspects of the operations of its departments and boards including administrative and fiscal issues.

### Key Audit Findings—Secretary for the Youth and Adult Correctional Agency

- Since 1998-99, the Agency's budget has been reduced from \$1.9 million to \$1.2 million, a 38 percent reduction, which is primarily the result of the establishment of the Office of the Inspector General (OIG) as a separate entity outside of the Agency, and the Commission on Correctional Peace Officers' Standards and Training as a separate entity still reporting to the Agency, created in 1998-99 and 1999-00 respectively. Prior to this time, these functions were part of the Agency's direct operations.
- In 1998-99, OIG's budget was \$1.9 million General Fund. The Office's budget reached a high of \$10.8 million in 2002-03; however, significant reductions have returned OIG's budget to a level closer to the 1998-99 level. The 2003 Budget Act appropriated \$2.7 million General Fund, a 42-percent increase over the 1998-99 level. The increases were primarily due to resources provided to the OIG for additional audit, investigation, and management review workload increases. However, there have been significant reductions beginning in 2002-03 as part of the State's effort to address its budget issues.
- Options for controlling costs include reintegrating the OIG into the Agency Secretary's operations.



## Department of Corrections

### Functions of the Department of Corrections

The Department of Corrections (CDC) is responsible for the incarceration of convicted felons and the supervision of these felons after their release on parole. The CDC is responsible for providing safe and secure detention facilities and necessary support services to inmates, including food, clothing, academic and vocational training, and health care. The Governor's Budget proposes \$5.3 billion and 51,216 personnel years for state operations and local assistance programs. In 2004-05, incar-

ceration and parole services will be provided through 33 institutions, 11 reception centers, 38 camps, and 13 community correctional facilities.

The CDC's average daily inmate population is projected to increase from 162,307 in the 2003-04 fiscal year, to 163,620 in 2004-05, an increase of 1,313 inmates, or 0.8 percent. The average daily parole population is projected to decrease from 114,276 in 2003-04, to 111,678 in 2004-05, a decrease of 2,598 parolees, or 2.2 percent. These population numbers do not include the effect of new programs included in the 2003 Budget Act. These programs will reduce institution population by providing new education programs, reducing parole



## Key Audit Findings— Department of Corrections

- From fiscal year 1998-99 to the 2003 Budget Act, the Department's General Fund budget increased by approximately \$1.2 billion, a 29-percent increase. However, including adjustments in 2003-04 for unfunded population and employee compensation, along with retirement contributions, the increase is approximately \$1.6 billion, a 41 percent increase.
- Increased costs are attributable to inmate health care costs, workers' compensation, medical and psychiatric supplies, utilities, and retirement contributions.
- Increased costs are also attributable to employee contracts.
- The Department has had significant deficiencies over the last four years. A cause of these deficiencies, in addition to the items listed above, is custody-related expenditures for unbudgeted and unauthorized posts and posted positions.
- Options for controlling costs include the development of a consistent allotment methodology for allocating funding to institutions and holding them accountable for expenditure levels, contracting out subsidiary services and healthcare services, renegotiating labor contracts, and reforming parole policies.

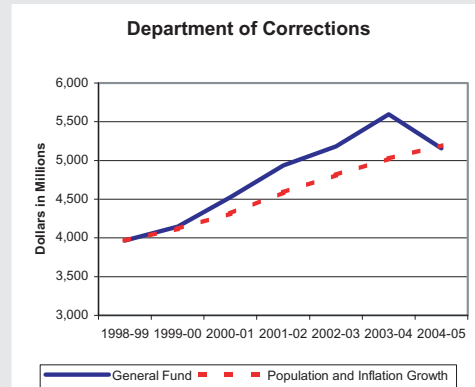
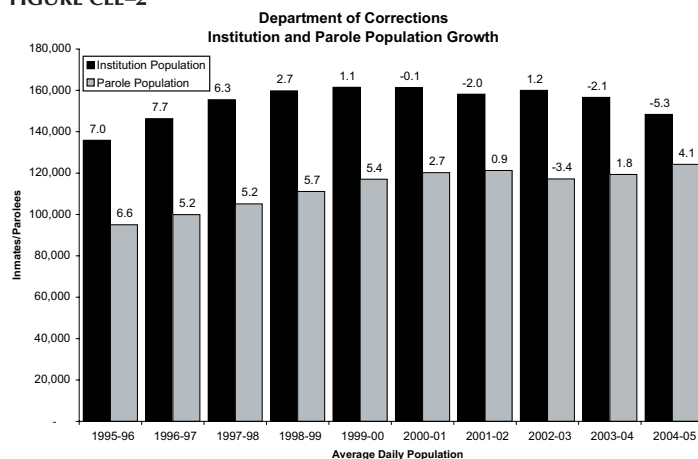


FIGURE CLE-2



This chart has changed from previous years, this chart is displaying average daily population, previous charts used population as of June 30.

revocations, and placing eligible inmates into drug treatment aftercare programs. These programs are projected to reduce the average daily inmate population in 2003-04 by 5,671, and in 2004-05 by 14,748, and increase average daily parolee population in 2003-04 by 5,071, and in 2004-05 by 12,546 (see Figure CLE-2).

California has an incarceration rate of 452 inmates per 100,000 population, compared to a nationwide rate of 476 inmates per 100,000, ranking it fifteenth among the 50 states, and fourth among the ten most populous states (see Figure

CLE-3). Adequate funding for State prison operations ensures the safety of the public and the officers and staff who supervise and work with confined criminals.

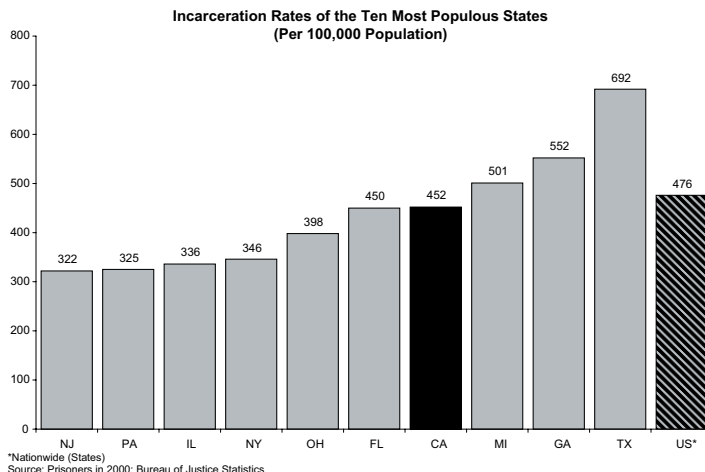
### Improving Accountability and Service Delivery

The CDC has had significant fiscal deficiencies for the past several years, and it has become apparent that there is little fiscal accountability among CDC institutions, part of which is related to the institutions having little incentive to expend within the limits of a budget allotment that contains a shortfall from the outset. This reform package includes a two-step process and commitment designed to hold institutional management accountable for their budgeted resources. Those steps are: (1) ensuring adequate funding for required activities, and (2) developing Cost Control procedures to put a halt to expenditures for unauthorized activities and to restore methods of reconciling allotments to the approved budget. Many of the necessary tools for Cost Control Management already exist, but must be used more effectively.

To ensure that CDC has adequate funding for required activities, the Governor's Budget contains \$99.5 million and 1,239 personnel years to increase the budgeted relief factors for posted positions to allow employees in posted positions the opportunity to receive training, take accrued time off in a timely manner, reduce the liability for excess leave balances, and reduce staff overtime. In addition, during the spring process, funding and program levels for Administrative Segregation Units and medical guarding and transportation will be examined to determine what is required in order to ensure that these areas are correctly budgeted.

At the same time, each institution will need to be held accountable for its budget. CDC will

FIGURE CLE-3



be required to reconcile its post assignments with its approved and proposed budgets, as well as to determine meaningful allotments for the institutions that are predicated upon the reconciled post assignments and standardized costs of operating expenses. This process will cause any unauthorized custody-related expenditures to surface and will provide a tool to hold institution management accountable for their expenditures, as they would have to answer individually for exceeding their budgets. During the spring process, the implementation plan for the Information Technology (IT) needs for budgeting, accounting, personnel, and procurement is expected to be finalized. This IT system will provide great assistance to institutions and headquarters' staff in allocating the funding and implementing the cost control measures.

In addition to internal fiscal accountability, with the assumption of certain previously required duties and functions of the Office of the Inspector General, the Agency is determined to review all aspects of the operations of CDC, which in addition to fiscal accountability, will improve managerial accountability.



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## Parole Reform

Beyond internal fiscal controls, various programmatic changes need to be explored within the correctional system. A primary area to be examined is the parole program and the need to assess parole terms and revocation rates, along with potentially overhauling programs and supervision for parolees.

The CDC parole system is currently in a tangled web where parole violations are primarily dealt with by returning the parolees to prison, driving institutions' costs and the crowding of inmates. In addition to the costs and problems of overcrowding, the revocation sentences are served in reception centers or local jail beds where there has not traditionally been any type of program to address the reasons for their failure while on parole or provide additional preparation for their release. The CDC is currently embarking on a restructuring of its educational program to provide life skills courses at reception centers, primarily targeted at parole violators, but it is unknown as to the degree of success these classes will have as it relates to successful reintegration and reduced recidivism.

The State attempted to address part of the prison "revolving door" for parole violators by implementing community detention and a "dry out" program for nonserious, nonviolent parolees. While CDC is confident that this effort will reduce recidivism, and therefore decrease institution population and save dollars, California has not, unlike many other states, developed a continuum of graduated sanctions that can be used to respond to parole violators. As such, the likelihood remains that revocation time will continue to be primarily a punishment tool for parole violators, rather than a program to promote reintegration.

Therefore, the Administration is proposing a reevaluation of California's Parole System. The Administration's plan will first provide an assessment of who benefits from parole. In addition, the type and level of parole supervision needs to be examined to determine the most effective approach.

Beyond the assessment of who benefits from parole, the goal and mission will be modified for those on parole. The Administration's plan will have the goal that supervision and available programs must provide intervention for violators to reduce the likelihood of future criminal activity and promote compliance with the supervision strategy, and ensuring an appropriate and proportionate response to all violations of the conditions of parole, taking into account offender risk and the nature of the violation. In order to proactively intervene, programs for groups such as the mentally ill and drug users will need to be reviewed to determine if they are beneficial, and if so, properly funded.

On the other hand, violations of parole that are felonies should be prosecuted at the local level where appropriate. Instead of pushing criminals through the revolving door using parole revocation, repeat offenders need to go through the court system, and receive a new term in prison for subsequent law violations.

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## Operational Efficiencies

With the CDC male inmate population at an all-time high, there has been little need to plan for prison closures. However, a successful parole system should decrease recidivism rates and would have the desired effect of reducing institutions population. As a result, the Administration will create a Commission that would proactively evaluate and recommend future closures for both CDC and the Youth Authority. While a population reduc-



tion at State prisons will allow CDC to move inmates out of gyms and appropriately place inmates in suitable housing situations, there is a possibility that some facilities could be closed. Therefore, the Commission would review factors such as design of the facility, age and maintenance needs, capital project needs, ability to recruit and retain staff, the economic impact on a region, and the potential revenue to the State from selling the asset in order to recommend to the Administration and the Legislature a priority order for closing institutions as population declines.

Whereas population reductions provide substantial savings on the margin, entire institution closures nearly double the potential savings by avoiding fixed costs since a full closure allows CDC to eliminate the overhead of running an institution and base staffing, including administrative and maintenance positions, as well as posts that must be activated and filled regardless of the population level in the facility. However, much of this type of savings will not materialize immediately. As such, it is imperative that other operational efficiencies are created in the short run. An example of potential efficiencies includes returning post and employee resource management to CDC. In addition, contingent upon approval of a Constitutional amendment to ease restrictions on contracting for services, CDC needs to explore what type of services, such as health services, food services, and maintenance, could provide a cost benefit to the State if they were provided on a contractual basis.

The detailed reform proposal with associated budget reductions will be submitted to the Legislature as part of the May Revision. However, using the parameters discussed above, primarily for the CDC Parole System, it is the Administration's intent to work with the Legislature and vari-

ous stakeholders to develop programs that will be successful and, most of all, promote public safety.

### **Program Enhancements and Other Budget Adjustments**

The Secretary of the Youth and Adult Correctional Agency (YACA) is developing a proposal with the goal of achieving a savings of \$400 million for fiscal year 2004-05. Since the majority of these savings will be due to reforms within the Department of Corrections, the \$400 million is being reflected as a pending reduction in the CDC budget. As part of the May Revision, when the proposal is completed, the actual savings amounts will be allocated to the affected departments within the Agency. Therefore, the Governor's Budget assumes a net expenditure amount of \$5.3 billion for CDC, which is a 7.8 percent decrease compared to the revised 2003-04 Budget.

The audit identified various cost controlling options for CDC including the development of a consistent allotment methodology for allocating funding to institutions and then holding wardens accountable for expenditure levels, contracting out subsidiary services and health care services, renegotiating labor contracts, and parole reforming revocation policies.

In light of the audit findings and in response to the State's fiscal crisis, the Secretary is developing a multifaceted reform proposal that is designed to reevaluate the State's correctional systems, including restoring fiscal control and accountability, assessing parole terms and revocation rates, reviewing and potentially revamping parole programs and supervision, evaluating and recommending the closure of facilities as populations decline or due to the age and condition of facilities, and examining opportunities to improve the operations and reduce costs.



## Board of Corrections

### Functions of the Board of Corrections

The Board of Corrections (BOC) is responsible for establishing standards for the construction and operation of local jails and juvenile detention facilities, compliance inspections, and employment standards and training for local corrections and probation personnel. In addition, the BOC administers various correctional facility construction and juvenile justice local assistance grant programs. The Governor's Budget proposes \$75.6 million and 68 personnel years for support of the BOC's programs.

### Program Enhancements and Other Budget Adjustments

**Transfer of Office of Criminal Justice Planning Juvenile Justice Grant Programs**—An increase of \$36.1 million (\$507,000 General Fund, \$35.6 million Federal Trust Fund and

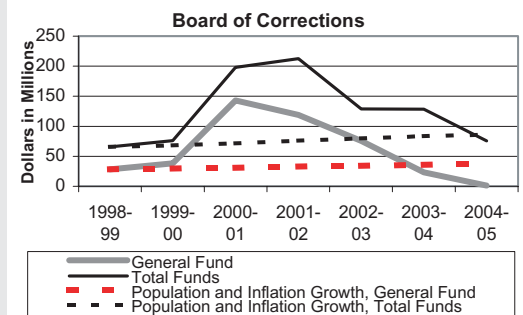
\$10,000 Reimbursements ) and ten personnel years so that the BOC can administer a portion of the Criminal Justice Projects, now titled the Juvenile Justice Grants Program, transferred due to the elimination of the Office of Criminal Justice Planning.

### Board of Corrections to be Fee Based—

The Budget proposes a decrease of \$1.7 million General Fund and an increase of \$1.9 million Board of Corrections Administration Fund associated with the BOC generally being supported through fees rather than the General Fund. This proposal will allow BOC to operate based on fees collected from local governments that wish to have the BOC continue the services it currently provides. These services include ensuring the establishment and continual reevaluation of minimum standards for local juvenile and adult detention facilities, conducting inspections of all local detention facilities biennially, and establishing recruitment, selection, and training standards for all local corrections personnel working in jails, juvenile detention facilities, or probation departments.

### Key Audit Findings— Board of Corrections

- The Board's General Fund budget has increased from \$28.3 million in 1998-99 to \$44.8 million as of the 2003 Budget Act, an increase of \$16.5 million, or approximately 58 percent. In addition, federal funds have increased by approximately \$65 million to \$84.3 million over the same period, a 337 percent increase.
- The Board's expenditures experienced considerable variation between 1998-99 and the 2003 Budget Act. This was mainly attributable to multi-year grant programs and a significant increase in federal funds for local juvenile and adult detention facility construction. Many of the grant programs have either expired or will be expiring at the end of 2004-05.





BOC will retain some General Fund for costs associated with their continued responsibility of administration and oversight of grant programs until such programs expire. Specifically, funding will be retained for administering federal and State detention facility capital construction moneys for the construction or renovation of local detention facilities, and State-funded local corrections at-risk and offender pilot, demonstration and continuum of care programs.

## Board of Prison Terms

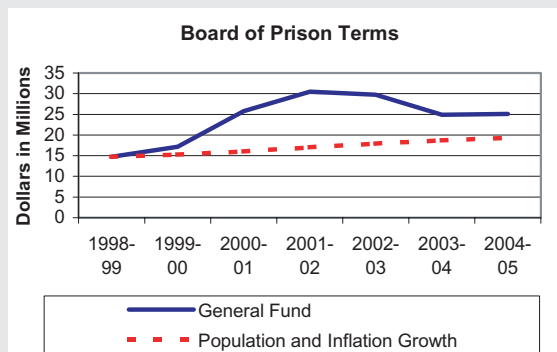
### Functions of the Board of Prison Terms

The Board of Prison Terms considers parole release and establishes the length and

conditions of parole for all persons sentenced to the Department of Corrections under the indeterminate sentencing law, persons sentenced to prison for a term of less than life under Penal Code Section 1168(b), and those serving a sentence of life with the possibility of parole. The Board may suspend or revoke the parole of any prisoner who has violated the conditions of their parole. This population currently stands at approximately 26,000 inmates. The Board also determines the necessity for recission or postponement of parole dates for persons sentenced to prison for life, persons sentenced under Penal Code Section 1168(b), and persons sentenced under the indeterminate sentencing law. The Governor's Budget proposes \$25.1 million and 175 personnel years to support the operations of the Board.

### Key Audit Findings— Board of Prison Terms

- The Board's General Fund budget has increased from \$14.7 million in 1998-99 to \$25.2 million as of the 2003 Budget Act, an increase of \$10.5 million, or approximately 71 percent.
- The Board's budget is primarily driven by inmate and parole population changes in the Department of Corrections. However, a federal court ruling in *Armstrong v. Davis*, resulted in a \$7.6 million General Fund increase in the 2000-01 fiscal year. *Armstrong v. Davis*, addresses violations of the Americans with Disabilities Act with respect to the parole revocation process. In addition, *Valdivia v. Davis*, a case in which the federal court determined that the parole hearing and revocation process violates due process protections in the United States Constitution, will likely result in the need for additional resources for the Board to address the court's findings.
- Options for controlling costs for the Board's budget are directly tied to any efforts made to reduce CDC inmate population or parolee recidivism rates.





## Department of the Youth Authority

### Functions of the Department of the Youth Authority

The Department of the Youth Authority protects the public from criminal activity of youthful offenders by housing wards committed to the Department by juvenile courts. In order to help these youthful offenders become productive California citizens, the Department provides education, training, and treatment services to the wards.

The Department projects an institution population of 4,055 youthful offenders by June 30, 2004, which is a decrease of 500 from the level anticipated in the 2003 Budget Act. The 2004-05 year-end institution popu-

lation is expected to decrease by 235 wards, resulting in a June 30, 2005, population of 3,820.

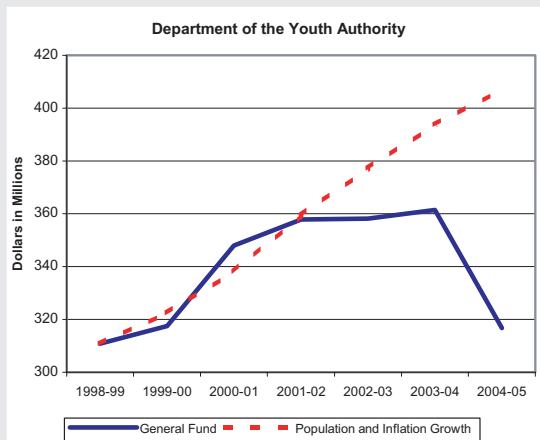
The Department operates ten institutions, including two reception center/clinics, and six conservation camps, two of which are institution-based camps. The total Department design capacity is 6,532 beds, which includes the institutions, camps, and contracted beds.

The Department supervises parolees through 16 offices located throughout the state. The parole population is projected to be 4,025 by June 30, 2004, and to decrease by 215 cases, to 3,810 by June 30, 2005.

The Governor's Budget proposes \$378.1 million and 3,798 personnel years for state operations and local assistance to provide treatment and training for youthful offenders in the care of the Department.

### Key Audit Findings—Department of the Youth Authority

- Since the 1998-99 fiscal year, the Department's budget has increased by approximately \$35.8 million, an increase of 9 percent.
- The Department of the Youth Authority's overall budget is largely driven by population. However, ward and parolee treatment program expansions, some of which have been the result of federal court action, employee compensation and retirement costs, and increased operational costs, have all resulted in General Fund increases.
- Beginning in 2001-02, there have been various General Fund reductions in Department's budget including \$5 million in parole programs, \$6.3 million associated with the increase in the sliding scale fees, and \$4.4 million associated with two institution closures.
- Options for controlling costs include closing additional institutions to reflect the reduced bed capacity need.



### Improving Accountability and Service Delivery

Concurrent with the effort to reform CDC's parole program, a review of the Department of Youth Authority's parole programs will also be undertaken. Issues to be considered will include a review of those wards who benefit from parole, the type and level of parole supervision to determine the most effective approach while maintaining public safety, and the availability of programs for parolees to provide them the best opportunity to be successful on parole.

In addition to parole reforms, the Department proposes to initiate specific reforms that will impact the ward and parolee populations beginning in the budget year, which include modifying law to reduce the age of the Department's jurisdiction for wards and parolees from 25-to-22 years of age, and implementing reforms to juvenile sentencing and providing for a casework-staffing model.

This proposal would allow the Department to re-engineer its system to focus its rehabilitative resources on a much more specialized population of youthful offenders. This would preserve the mission of the Department and that of the juvenile court by more effectively focusing efforts on training and treatment for juvenile offenders. This proposal would also solidify the Department's role in California juvenile justice by structuring the Department to deliver programs to a specialized population of violent, co-morbid, mentally ill, and gang member youth, which California counties lack the expertise and/or resources to serve.

Existing law would be amended to allow the Youth Authority to transfer juvenile offenders who cannot program safely to CDC under an adult disposition. If the juvenile did not fulfill

his/her treatment goals or in cases where juvenile offenders must be retained past age 22, the juvenile court judge could rescind the Department placement and order the juvenile to state prison. The sentencing model will allow the Department to use its scarce resources for those wards who demonstrate their willingness to be rehabilitated. It will decrease the need for the Department to use its facilities for wards requiring the maximum-security level of housing, since the proposal will allow the Department to remove the segment of the population that has demonstrated by their behavior and actions that they are more suitable for state prison. As a result, the Department will better fulfill its mission of providing training, treatment, and education for wards entrusted to its care.

Finally, this proposal would implement the casework-staffing pattern on Department general population living units. By restructuring living unit staff, a total of 48 hours of additional treatment time per week will be provided to wards. Based upon preliminary data, it appears that significant positive outcomes result from realignment of the staffing pattern in living units when this alignment is paired in training and standardized treatment curriculum. Specifically, the results from a pilot study indicate that "enhanced casework" staffing contributes to an increase in treatment activities, a reduction in time-adds, increase in time-cuts, and reduced violence.

The impact of this proposal in the budget year is a reduction of \$600,000; however, the savings are expected to increase significantly in the out-years.

In recognition of the Department's declining ward population, the Karl Holton Youth Correctional Facility, the male portion of the Ventura Youth Correctional Facility, and the Northern Youth Correctional Reception



Center and Clinic have been or are in the process of being closed this fiscal year. Facility closure is a departure from prior practice, where the Department has closed individual living units within each facility. While living unit closures have resulted in reductions to the Department's budget, this process has not captured the significant operating expenditures that can be saved when an entire facility is closed. In recognition of the audit finding and given that the Department projects a continuing decline in ward population, the Governor's Budget proposes the closure of Fred C. Nelles Youth Correctional Facility and a youth correction camp. The impact of these closures and already initiated closures will result in a General Fund savings of \$43.9 million in the budget year. Additionally, the impact of the program restructure discussed above will provide additional opportunities to explore further facility closures beyond the budget year. It is the Administration's expectation that any future facility closures will be reviewed as part of

the Agency's closure commission and issues to be considered shall include design of the facility, age and maintenance needs, capital project needs, ability to recruit and retain staff, the economic impact on a region, and the potential revenue to the State from selling the asset.

## Department of Justice

### Functions of the Department of Justice

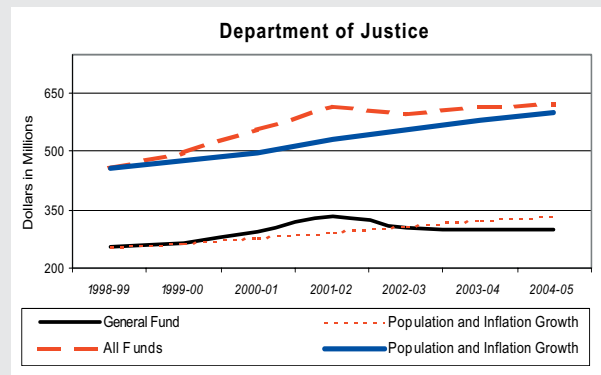
The Attorney General serves as the State's primary legal representative and chief law enforcement officer, and is responsible for ensuring that California's laws are uniformly enforced. For 2004-05, the Governor's Budget proposes \$621.9 million and 4,862 personnel years, including \$161.9 million for law enforcement programs, \$268.4 million for legal service programs, \$154.4 million for the Criminal Justice Information System program, \$14.3 mil-

### Key Audit Findings — Department of Justice

■ Total funding for the Department has increased by \$159 million since the 1998-99 fiscal year, and the General Fund has increased by \$42 million or 16 percent.

■ Increases were included for the following items, but funding has been offset by various one-time or ongoing baseline reductions:

- A \$16 million augmentation for employee compensation costs in 1999-00.
- An increase of \$6 million for DNA Databank workload in 2000-01.
- Augmentations of \$10 million to replace expiring federal funds for the California Methamphetamine Program and \$2.8 million for Sexual Predator Apprehension Teams in 2001-02.



lion for the Gambling Control Division, and \$12.3 million for the Firearms Division.

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### **Program Enhancements and Other Budget Adjustments**

**California Witness Protection Program—**\$3 million Restitution Fund is proposed to continue the California Witness Protection Program. This Program was funded in prior years by the Restitution Fund; however, due to insufficient Restitution Fund resources in 2003-04, funding for the Program was provided by the General Fund. The Restitution Fund is now able to support this Program at the level provided in previous years.

**California Methamphetamine Strategy Program (CALMS)—**\$2.4 million federal funds is proposed to utilize grants provided by the United States Department of Justice to enhance CALMS program enforcement with electronic surveillance equipment.

In addition, the Governor's Budget includes a \$1 million General Fund reduction to the Bureau of Narcotic Enforcement and the elimination of 13 vacant positions that were previously authorized for the CALMS program, a reduction of \$2.5 million General Fund due to a decline in *Plata v. Davis* litigation workload, and an unallocated reduction of \$3 million General Fund for the Department of Justice. These reductions will not affect the ability of the Department to fulfill its law enforcement mission.

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## **California Highway Patrol**

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### **Functions of the California Highway Patrol**

The California Highway Patrol (CHP) is the State's largest law enforcement agency. It patrols over 105,000 miles of state highways and county roads, ensures the safe opera-

tion of commercial trucks through inspection at weigh stations, and protects State facilities and the people who work and conduct business in them. The Governor's Budget includes \$1.3 billion to fund 7,284 officers and 3,267 support staff.

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### **Budget Adjustments**

Pursuant to Control Section 4.10 of the 2003 Budget Act, CHP's budget has been adjusted to reflect salary savings of 150 uniformed positions (a reduction of about \$15 million). The CHP budget has not been increased to fund approximately \$30 million of employee compensation cost increases in 2003-04. These actions reduce the adjusted growth in the CHP budget to just slightly over the rate of growth in population and inflation for the same period.



## Key Audit Findings— California Highway Patrol

- From 1998-99 to the 2003 Budget Act, State funding for the CHP has grown from \$766 million to \$1.196 billion, an increase of \$430 million or about 56 percent. Of this amount, the support from the Motor Vehicle Account increased by \$403 million (94 percent of the increase).
- Prior to 2001-02, the CHP's expenditures approximated the growth in population and inflation.
- Beginning in 2001-02, the CHP's expenditures grew significantly faster than growth in population and inflation.
- By 2003-04, the CHP's special fund expenditures were almost 20 percent greater (approximately \$200 million) than if limited to increases consistent with growth in population and inflation. A significant share of those increases were related to:
  - Expenditures from State funds offsetting retirement costs that had previously been borne by retirement system investment earnings (approximately \$107 million)
  - Augmentations received by the CHP for homeland security activities (\$75 million in ongoing costs).

Adjusting for these significant increases, the 2003-04 expenditures would still be about 2 percent above the growth in population and inflation.

- Beginning in 2003-04, as a result of negotiations with the California Association of Highway Patrolmen, the Department of Personnel Administration agreed to a special pay for CHP officers. That special pay provides compensation calculated at time and a half for the officer's half-hour lunch. This adds about \$9.4 million to the cost of the CHP in 2003-04 and \$18.8 million in subsequent years.
- Because of the CHP's expenditures are anticipated to increase dramatically related to employee compensation adjustments provided during the past three years. These increases are anticipated to cost \$480 million over the next three years (to an annual cost of \$203 million in 2006-07).

